

Decisions Adopted by Motion of the Risk Adjuster Board

7/14/09

- Goals & Guidelines were adopted
- Rating Tier will consist of Employee, Employee+Spouse, Employee+Child(ren), Employee+Family
- Age Bucket will consist of: under 20, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, 60-64, 65 and over

7/29/09

- Resolution to permit electronic meetings was accepted
- Articles of Organization and Bylaws were approved (as submitted with appropriate changes)
- Life Rules were adopted
- Accommodation of entry and renewal of non-calendar year effective dates and benefit years will be available once the Defined Contribution portal is fully operational
- Workflows were adopted as the initial framework, allowing for any additional modifications
- Broker commission will be based on PEPM, with the same PEPM across all premium tiers (as approved on 7/14/09), can be differentiated between group sizes and there will be no overrides or trip incentives
- It was agreed upon to establish an Underwriting Subcommittee

8/10/09

- It was agreed to establish a producer compensation advisory subcommittee and to allow the chair to appoint members

8/17/09

- It was agreed to add to the business plan of operation that prior carrier billing be submitted during employer registration
- 75% participation is required and individual coverage is not considered a legitimate waiver
- Broker commission was approved at \$37 PEPM with no overrides, bonuses or incentives
- Life events in the portal will be prorated daily

8/25/09

- Workflows were modified and approved. The changes consist of
 - Changed *broker* to *producer*
 - Mediator carrier reviews was added to the Employer Underwriting Workflow
 - Factor needs to be added to the Risk Rating (Initial) Workflow

9/8/09

- There will be no standard for age and tier slopes for all participating carriers

10/6/09

- Group tolerance level set at 20%
- Additions or new hires will be assigned to the underwriters initially assigned as primary, secondary or mediating

10/20/09

- Individual tolerance factor set at 40%
- The workflow will be modified to specify that the mediator carrier will only intervene on factors, group or individual, that are out of tolerance
- A legal subcommittee will be created
- Adjustments will be made at renewal, rather than on birthdays

11/1/09

- Individual tolerance is set at 50% during limited launch. The tolerance will remain 40% as listed in the business plan after limited launch

11/13/09

- For the purpose of the limited launch, the maximum risk adjustment factor that will be applied to a group that is currently insured with one of the participating carriers, is the minimum of 1.85, the risk factor determined through the underwriting process by the participating carriers, and 15% (pro-rated for non-January effective dates) above the group's current risk factor

1/26/10

- An updated Plan of Operation was approved

4/28/10

- An update on Out of Area employees was approved to be added to the Plan of Operation. Now, Out of Area employees
 - Are eligible to be in the Exchange, if they meet a certain threshold
 - Are only eligible for the default plan chosen by the employer
 - Have a separate rate, where the base rates have an area factor applied based on their zip code.
- The Independent Actuary RFP was approved, allowing for technical changes to be made subject to decisions made by the Chair and Vice-Chair.
- It was agreed regular RAB meetings would occur on the 4th Tuesday of every month at 1:00 PM for 2 hours. Meetings will continue to be held at the State Office Building, Room #3112

5/25/10

- In addition to the Risk Adjustment and Premium Allocation (RA&PA) and the Underwriting Subcommittees, there is now a Marketing and a Legal Subcommittee. The Plan of Operation Working Group is still in effect

6/22/10

- The workflow changed such that carriers receive the necessary inputs and the final rates are returned to bSwift, rather than bSwift calculating the rates
- A subcommittee was created to tend to the Large Employer Pilot Program. There are separate Underwriting Subcommittees for Large and Small Group

7/27/10

- Health Equity is adding payment flexibility in phase 2 of the Exchange. There will be a secondary EFT pull, rather than the second pull being manual
- The prior decision regarding Out of Area Employees was repealed and modified such that the employer selects the default plan for any employee who lives outside the service area; their default plan is no coverage
- Mental Health Parity has to be offered to employer groups with more than 50 employees to meet federal statute. For those with less than 50 employees, Mental Health Parity can be offered, but is not required
- Maternity benefits are required for 15 or more employees. There is no mandate to offer maternity benefits to 14 or fewer employees
- Application and enrollment ends 60 days prior to the effective date. If an application is not submitted in 60 days, it would be pushed to the following month

8/24/10

- Contract for the Independent Actuary has been signed. There will be an assessment of a total level of \$150,000 in three equal installments to active lives on information available in the last available health survey
- The call center is funded through service fees built into the Exchange. There is no longer a requirement to use a broker. Those choosing not to use a broker or producer will have \$30 of the \$37 commission go into escrow; the remaining \$7.00 funds the call center
- For small employer risk adjuster, if the risk factor determined by the mediator carrier is equally different, then the risk factor will be determined by averaging the risk factor of all three carriers
- For large employer groups in the Exchange, the health questionnaire is required up front for groups of 51-99 and at enrollment time for 100+. For groups of 51-99, carrier's rates will be determined using the same methodology of having a primary, secondary and mediator carrier randomly assigned in the same manner as the small employer side of the Exchange. This information will be used to determine risk factors in the same methodology for each subscriber. For large employer groups of 100+ employees, rates will be determined by each carrier using information currently submitted and required now. The health questionnaire will not be used in rate determination, but in a manner consistent with the 51-99 groups, where the primary, secondary and mediator carrier assigns a risk factor to each subscriber. The risk adjustment mechanism is consistent with what they currently do for the small employer market. The large employer groups will be separate and experience will not be comingled with the small employer groups. The retrospective pooling method will be the same methodology for small employer, again with no comingling

9/08/10

- For groups currently covered in the Exchange, their renewal group risk factors are determined using subscriber risk factors previously determined, combined with risk factors determined for January 1 and the overall group factor is determined using those set factors subject to statutory requirements
- For all new adds in the enrollment process that initially refused and then renewed before the effective date, the new entrant's employee risk factor will be determined and the group risk factor will be recalculated
- A step will be added to the risk rating renewal workflow that primary, secondary and mediator carriers are randomly assigned
- For the renewal process for employees who did not waive; employees are required to choose the next year's plan. If the employee fails to do so, they will be reverted to last year's default plan. If that plan is not available, they will be defaulted to the employer's new default plan
- For the purpose of the 2011 Large Group Pilot, the six plans will be accepted as they meet the statutory requirement or small variations as permitted by the Insurance Department

9/28/10

- For the purpose of the Large Group pilot only; commissions will be paid on a PEPM basis as determined and entered into the bSwift system by the employer.
- For the purpose of the Large Group pilot only; the Exchange adopts the same four tiers as used by the small group.

10/26/10

- Adopted the itemized list of information for the Proposed Large Group Underwriting Process with a 4 tier structure for now and going forward to have tier options
- Any employer that has an existing January 1 renewal date with a participating carrier that meets the other requirements for a February 1 effective date, may, at their discretion; elect to be a January plan by notifying the Exchange. The effect of that election will be that the Exchange will not collect a January premium or pay for January claims.
- Approve the Plan of Operation as reviewed here today, including changes to Articles and Bylaws and minor corrections today.

11/2/10

- The following premium tier relativity for the large group pilot be set as follows
 - Employee Only 1.0
 - Employee + Spouse 2.1
 - Employee + Child(ren) 1.8
 - Employee + Spouse + Child(ren) 3.1

11/23/10

- Large employer writing for the 51-99 individuals employee risk factors will be determined using the primary, secondary, and mediator methodology at the time the data is submitted in the same manner as small employer applications and provided back to bSwift so carriers who choose to use those and incorporate them into their rates for those groups can do so.
- In the absence of experience to rate information in the large group category, the carriers revert to the methodology spelled out for the 51-99 size groups.

12/13/10

- bSwift will provide a list to the insurers that includes the Employer name, renewal date, current final group risk factor and all groups who were provided final rates. The insurers will review the incumbent groups and provide bSwift a new renewal risk factor if different from the factor provided. bSwift will load rates and notify brokers and employers of new rates by end of day Friday (December 17, 2010).
- Agreement to make motions passed displayed in bold. (not passed by motion)

12/28/10

- Amended the application workflow to accept the group application and the employee application process to happen simultaneously and amend the operations workflow to reflect as such.

3/22/11

- Subject to ability of private vendor bswift add, delete, and modify plans one additional time effective sometime between July 1 and September 1 of this year.
- Denial forms were agreed upon. (not passed by motion)

4/26/11

- Accepted underwriting handbook as revised.